

## **Recapturing Federal Funds on the Enterprise Systems Services Center (Conceptual Paper)**

### **Federal Guidelines**

The State must follow **CFR 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87)** in charging federal funds.

The circular establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with States.

### **Purchase of the Building (Year 1) :**

The ESSC building would be purchased with Long Range Building Program (LRBP) and Capital Land Grant funds. These are 100% state funds. The estimated cost is \$24.150 million.

The ESSC Building would be owned by the Department of Administration not Information Technology Services Division (ITSD). Thus the building would be owned by the general fund, not ITSD Proprietary Operation.

### **Recapturing Costs of the Building and Future Maintenance (Year 2 and Ongoing) :**

#### **Depart. of Administration – Administrative Financial Services Division (AFSD)**

The Department of Administration would charge a "market-based" rental rate to ITSD. This is allowed under OMB A-87.

ITSD would pay this rental rate to AFSD. Funds would be deposited into the General Fund.

This rental rate would include the cost to build the building and future maintenance. However, the rate cannot exceed what the "market" would bear in Helena for this type of building.

#### **Depart. Of Administration -ITSD**

Currently ITSD bills state agencies a monthly "desktop rate" based upon active directory accounts. All funding sources (*general fund, state special revenue, federal and proprietary*) pay these costs.

A new component to their rate structure would be the "market based" rental charge by the Department of Administration.